



**Sean Rogan**  
Executive Director

**COMMUNITY DEVELOPMENT COMMISSION  
of the County of Los Angeles**

700 W. Main Street • Alhambra, CA 91801

Tel: 626.262.4511 • TDD: 626.943.3898 • [www.lacdc.org](http://www.lacdc.org)

**Hilda L. Solis**  
**Mark Ridley-Thomas**  
**Sheila Kuehl**  
**Don Knabe**  
**Michael D. Antonovich**  
Commissioners

June 09, 2015

The Honorable Board of Commissioners  
Community Development Commission  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

The Honorable Board of Commissioners  
Housing Authority of the  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, California 90012

Dear Commissioners:

**FISCAL YEAR 2015-2016 BUDGETS OF THE COMMUNITY DEVELOPMENT COMMISSION AND  
HOUSING AUTHORITY  
(ALL DISTRICTS) (3 VOTE)**

**SUBJECT**

The Fiscal Year (FY) 2015-2016 Community Development Commission of the County of Los Angeles (Commission) and the Housing Authority of the County of Los Angeles (Housing Authority) recommended Budgets totaling \$430,793,300 reflect a decrease of \$44,192,400 or 9.3% from the FY 2014-2015 budget of \$474,985,700.

The decrease is primarily due to the timing and completion of construction projects that the Commission is administering on behalf of the County, primarily in the First and Fourth Supervisorial Districts, in the amount of \$35,535,000. There is also a \$3,236,000 reduction of funding in the Residential Sound Insulation Program (RSIP), which utilizes funds from the Federal Aviation Administration and Los Angeles World Airports to provide improvements that reduce the exterior noise impact on properties located within the flight path of Los Angeles International Airport. Funding for Homeless Programs will be requested as approved rather than through the annual budget process during FY 2015-2016; this caused a \$2 million decrease from FY 2014-2015. The First 5 Program reflects a \$2.8 million decrease due to only two remaining projects under construction

**ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

1-D June 9, 2015

  
PATRICK OGAWA  
ACTING EXECUTIVE OFFICER

during FY 2015-2016. A decrease of \$1 million in the HOME program is the result of fewer development projects that will be ready for loan disbursements in FY 2015-2016.

In the past five years, the Commission and Housing Authority have faced continuous reductions in funding resources both locally and primarily from the federal government due to sequestration. Our FY 2010-2011 budget reflected a total amount of \$493,614,300 with 644 employees, and our current proposed budget for FY 2015-2016 reflects a total of \$430,793,300 with 573 employees. This indicates an overall five year decrease of \$62,821,000 and 71 positions. Despite the difficulties that our agency has faced, we continue to develop innovative and efficient methods of managing our available resources, to not only maintain but improve our level of service to the homeless and low-income residents of the County. As an agency, we have worked diligently to combat these ongoing challenges and have prepared a balanced budget which reflects our mission of Building Better Lives and Better Neighborhoods.

**IT IS RECOMMENDED THAT THE BOARD ACTING AS THE GOVERNING BODY OF THE COMMUNITY DEVELOPMENT COMMISSION:**

1. Adopt and instruct the Mayor to sign a Resolution (Attachment A) approving the \$430,793,300 Fiscal Year 2015-2016 Budget, which includes \$106,902,200 in Community Development Commission funding and \$323,891,100 in Housing Authority funding.
2. Instruct the Executive Director, or his designee, to implement the Commission's Fiscal Year 2015-2016 Budget and take all related actions for this purpose, including execution of all required documents.
3. Find that the approval of the Commission's Fiscal Year 2015-2016 Budget is not subject to the California Environmental Quality Act (CEQA) because the activities are not defined as a project under CEQA.

**IT IS RECOMMENDED THAT THE BOARD ACTING AS THE GOVERNING BODY OF THE HOUSING AUTHORITY:**

1. Adopt and instruct the Mayor to sign a Resolution (Attachment B) approving the Housing Authority's Fiscal Year 2015-2016 Budget, which includes revenues and expenditures of \$323,891,100.
2. Adopt and instruct the Mayor to sign the Transmittal Resolution (Attachment C) certifying submission of the Housing Authority's Fiscal Year 2015-2016 Budget, by your Board, to HUD.
3. Instruct the Executive Director, or his designee, to implement the Housing Authority's Fiscal Year 2015-2016 Budget and take all related actions for this purpose, including execution of all required documents.
4. Find that the approval of the Housing Authority's Fiscal Year 2015-2016 Budget is not subject to CEQA because the activities are not defined as a project under CEQA.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The purpose of the recommended actions is to establish new fiscal year appropriation authority for the Commission and the Housing Authority for operations and activities.

## **FISCAL IMPACT/FINANCING**

The combined Fiscal Year 2015-2016 Budgets include \$32,797,900 in County funds; a decrease of \$34,325,400 from FY 2014-2015, primarily due to construction timing and completion of prior year capital projects that the Commission is administering on behalf of the County. Of the \$32.8 million in County funds, \$20.1 million is related to various capital projects in the First, Second and Fourth Supervisorial Districts, \$4.8 million is in support of Affordable Housing, and \$3.3 million is in support of various homeless assistance projects, including the Homeless and Housing Program Fund (HHPF). The South Whittier Community Resource Center, which provides comprehensive, integrated and accessible services to youth and families in unincorporated South Whittier, includes \$2.7 million in County funds for continued operational expenses, as well as development for the replacement of the existing modular trailers with permanent structures. The remaining \$1.8 million is mainly in support of Community Policing, the University of California Cooperative Extension Program, and other Countywide initiatives.

A total of \$41.9 million in prior year reserve funds are being budgeted for Fiscal Year 2015-2016, primarily from the County, with \$20.4 million in prior year's reserves for active construction projects that the Commission is administering on behalf of the District Offices, \$2.9 million for Lancaster Homes to complete rehabilitation work, and \$2.1 million to continue rehabilitation at Nueva Maravilla with proceeds from the disposition of the Housing Authority administrative property on Cesar E Chavez Avenue. Other reserves include the Commission general fund, Central Office Cost Center (COCC), and Housing Authority Prior Year Surplus. The Section 8 Program is projecting to use \$9.4 million of Prior Year Housing Authority reserves primarily HUD held program funds to help maintain lease up levels and to cover any administrative funding shortfall from HUD for 2015. Also budgeted is \$4.9 million to cover any shortfall in retiree medical expenses, excess legal fees and other agency costs, as needed. The remaining \$2.2 million in reserves are budgeted for the Sydney M. Irmas Living Center Rehabilitation and Housing Authority administrative costs.

### **BUDGET OVERVIEW:**

The combined Fiscal Year 2015-2016 Budget of \$430,793,300 includes \$106,902,200 for the Commission and \$323,891,100 for the Housing Authority. The Budgets consist primarily of federal funding provided by HUD for housing and community development programs. Over half of the budget is in support of the Section 8 Housing Choice Voucher (HCV) program for low-income families, seniors, disabled and veterans. Local revenue sources include County funds, public housing rental income, and other grants received in support of housing.

### **EFFICIENCY EFFORTS:**

Both the Commission and Housing Authority have endeavored to transform and update our systems through a team effort consisting of staff and management whose goal is to operate at our highest levels of efficiency. Our agency continuously works to evaluate and streamline procedures while generating a cost savings.

Some of the efficiency improvements over the past year include:

- Implementation of an upgraded PeopleSoft Financials and Payroll system with new workflow processes including a paperless workflow module for accounts payable payments, journal entries, budget amendments, project or account requests/changes, and various other accounting and budget assignments.

- Upgraded and fully implemented the Board Management Intelligence Toolkit budget system from version 6.0 to version 8.1. Created electronic submission capabilities for the Divisions to submit their budgets and supporting documents electronically to the Commission's Executive Office of Budget.
- Implementation of an agency solution for the backup and recovery of Commission and Housing Authority data.

#### COMMUNITY DEVELOPMENT COMMISSION:

In Fiscal Year 2015-2016, the Commission's programs will be supported by three primary funding sources: Community Development Block Grant (CDBG) funds, State and County Revenue (inclusive of reserves from Construction Projects), and Sound Attenuation Grants.

The Commission administers the largest Urban County CDBG program in the nation and consistently receives awards for its programs with exemplary ratings from HUD. The FY 2015-2016 CDBG Program is budgeted at \$31 million, which includes the annual Federal Entitlement and unspent prior-year carryover funds. The annual allocation is \$20.6 million, which is \$500,000 less than in FY 2014-2015. This downward trend is due to continuous funding cuts at the federal level. CDBG funds will be used by the Commission, the Housing Authority, 47 participating cities, six County departments, 28 community-based organizations and other public agencies, such as school districts.

State and County Revenue is budgeted at \$21.6 million, which consists primarily of \$5.9 million for the First Five LA programs and \$4.8 million in Affordable Housing Program Funds in support of permanent financing of affordable and Homeless-Special Needs housing units. This total also includes \$3.4 million in funding for support of the Traffic Administration Services Program which is funded by revenues generated at courthouses throughout Los Angeles County. Other County funds include various Homeless Program Initiatives as well as construction and operating funds in support of the South Whittier Community Resource Center. In addition, \$20.1 million in County funds are budgeted under reserves for prior year funds received from the ongoing construction that the Commission is overseeing on behalf of the County.

Sound Attenuation Grants for the Residential Sound Insulation Program (RSIP) are budgeted at \$14.3 million, which includes funding from Los Angeles World Airports and the Federal Aviation Administration to mitigate exterior noise impact from planes flying near homes around Los Angeles International Airport.

#### HOUSING AUTHORITY:

The Housing Authority continues to be a HUD rated High Performing Agency and is the second largest Housing Authority in Southern California. Operating with a \$323.8 million budget for over 24,000 Section 8 Housing Choice Vouchers/Certificates and more than 3,200 Public and Affordable Housing Units we provide affordable rental housing for low income families and elderly persons.

In Fiscal Year 2015-2016, the Housing Authority's programs will be supported by two major funding sources: Housing Assistance Revenue and Public Housing Program Funds.

The Housing Assistance Revenue is budgeted at \$270.1 million, and will be used to provide administrative support and rental assistance for over 24,000 low- and very-low income families and seniors, including the Kings Road and Lancaster Homes project-based Section 8 developments.

The Public Housing Program funding is budgeted at \$20 million, and is comprised primarily of \$11.3 million in rent revenues and \$8.7 million in operating subsidies. These funds are used to manage and maintain 2,962 public housing units, and to provide resident services.

The Housing Authority budget also includes Affordable Housing Development Funds of \$2.6 million for the development of housing for low-income individuals, families, and special needs populations and \$1,075,000 in County General funds for the continued support of The University of California Cooperative Extension Program and the Housing Authority Community Policing Program.

#### STAFFING:

The Commission and Housing Authority budgets include 573 Full Time Equivalent (FTE) employees, with 541 regular and 32 contract positions. This is an increase of ten FTE primarily for the Assisted Housing Division to maximize their lease up and establish an internal training unit. The positions will be funded by additional revenue in the HCV special programs unit including increased funding from the Veterans Affairs Supportive Housing Program (VASH) allocation of additional vouchers.

#### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

In January 2001, the Commission and the Housing Authority, with the concurrence of the County Auditor-Controller, developed an administrative policy for establishing a capital budget. Fiscal Year 2015-2016 marks the fifteenth year that the Housing Authority will submit a capital budget that details ongoing and future projects. The Fiscal Year 2015-2016 operating budget includes \$5.5 million in Housing Authority capital projects for 5 continuing and 6 new projects.

On May 26, 2015, your Board approved the 2015-2016 One Year Action Plan (Action Plan) for the allocation of federal funds, which includes the planned use of CDBG, HOME, and Emergency Solutions Grant (ESG) funding by the Commission, the Housing Authority, County departments, participating cities, community-based organizations, and other public agencies. The Action Plan was created with citizen input, as required by federal regulations. The recommendations approved by your Board are reflected in the proposed Fiscal Year Budgets.

Adoption of the attached Resolutions approving the Fiscal Year 2015-2016 Budgets is necessary to establish new fiscal year appropriation authorities for the Commission and the Housing Authority, to receive funding, and to comply with Federal Notice 94-66 (Public Housing Authority) from HUD's Office of Public and Indian Housing, issued September 21, 1994. HUD Form 52574 must also be approved by your Board to certify the Housing Authority's operating budget. This letter also recommends authority for the Executive Director to execute any other documents for implementation of the budget, such as financial reports, audit requests and related documents required by HUD or any other governing bodies.

County Counsel has approved the attached Resolutions as to form. On April 22, 2015, the Housing Commission recommended approval of the Housing Authority's Fiscal Year 2015-2016 Budget and related actions.

#### **ENVIRONMENTAL DOCUMENTATION**

Approval of the Commission and Housing Authority's Fiscal Year 2015-2016 Budgets is exempt from the provisions of the National Environmental Policy Act pursuant to 24 Code of Federal Regulations,

The Honorable Board of Commissioners

6/9/2015

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Part 58, Section 58.34 (a)(3) because they involve administrative activities that will not have a physical impact or result in any physical changes to the environment. The activities are not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378(b) because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of the Fiscal Year 2015-2016 Budgets will enable the Commission and the Housing Authority to conduct program activities to benefit low- and moderate-income residents of the County and participating cities.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Sean Rogan", followed by a horizontal line.

SEAN ROGAN

Executive Director

SR:kar

Enclosures

RESOLUTION APPROVING THE 2015-2016 FISCAL YEAR  
BUDGET OF THE COMMUNITY DEVELOPMENT COMMISSION  
OF THE COUNTY OF LOS ANGELES

WHEREAS, it is necessary for the Board of Commissioners of the Community Development Commission of the County of Los Angeles to adopt an annual budget.

NOW, THEREFORE, BE IT RESOLVED THAT the Board of Commissioners of the Community Development Commission of the County of Los Angeles, hereby adopts the following budgeted revenues and appropriations for the Community Development Commission of the County of Los Angeles for the 2015-2016 Fiscal Year, as set forth in the Annual Budget.

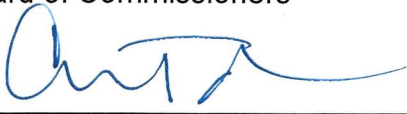
Estimated Funding: \$430,793,300

Expenditure and Reserve Appropriations: \$430,793,300

APPROVED AND ADOPTED by the Board of Commissioners of the Community Development Commission of the County of Los Angeles on this 9<sup>th</sup> day of June, 2015.

ATTEST:

PATRICK OGAWA  
Acting Executive Officer-Clerk of the  
Board of Commissioners

By:   
Deputy

MICHAEL D. ANTONOVICH  
Mayor, Board of Commissioners

By: 

APPROVED AS TO FORM:

MARK J. SALADINO  
County Counsel

By:   
Deputy

